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STATE OF ILLINOIS )  
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COUNTY OF LAKE )

**COUNTY BOARD, LAKE COUNTY, ILLINOIS**

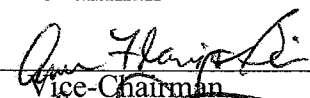
**ADJOURNED REGULAR JUNE , A.D., 2008 SESSION**

**August 12, 2008**


AN ORDINANCE authorizing and providing for the issuance of \$35,360,000 General Obligation Bonds (Sales Tax Alternate Revenue Source), Series 2008A, of The County of Lake, Illinois, for the purpose of providing new County buildings, prescribing all the details of said bonds and providing for the imposition of taxes to pay the same, and for the collection, segregation and distribution of certain sales taxes received by the County.

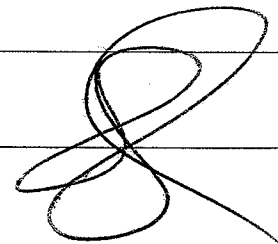
Respectfully submitted,

 Chairman Aye ☒ Nay ☐

 Vice-Chairman Aye ☒ Nay ☐

 Aye ☒ Nay ☐

 Aye ☒ Nay ☐



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**AUGUST 12, 2008**

**AGENDA ITEM \_\_\_\_\_**

**ORDINANCE NUMBER \_\_\_\_\_**

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EXHIBITS:

~~A—Continuing Disclosure Undertaking~~

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**This Table of Contents is for convenience only and  
is not a part of the ordinance.**

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PREAMBLES

WHEREAS

A. The County of Lake, Illinois (the "*County*"), is a duly organized and existing county created under the provisions of the laws of the State of Illinois, and is now operating under the provisions of the Counties Code, as supplemented and amended (the "*Counties Code*").

B. The County Board of the County (the "*County Board*") has heretofore determined and does hereby determine that it is advisable, necessary and in the best interests of the County and its residents, in order to promote the public health, welfare, safety and convenience, to undertake the following:

To acquire and construct County buildings at various locations within the County, including a new health department administrative and medical services building, a new central permitting facility, and a new "East Branch" courthouse facility; including, without limitation, costs of studies and administration, land acquisition and assembly, site improvement including demolition and remediation, rehabilitation, and public infrastructure improvements such as roads, sidewalks, landscaping, traffic signals, curb and gutter, water system improvements, sanitary and stormwater system improvements, and gas, electric and telecommunications facilities

(the "*Project*").

C. The costs, expenses and contingencies related to the Project include legal, financial, accounting and engineering services related to the accomplishment of the Project and the

issuance of bonds therefor; bond discount; capitalized bond interest; bond registrar, paying agent and other related banking fees; and printing and publication costs; and other miscellaneous costs (all being the "*Project Costs*").

D. Pursuant to the provisions of the Local Government Debt Reform Act of the State of Illinois, as amended (the "*Reform Act*"), alternate bonds (as defined in the Reform Act) may be issued pursuant to Applicable Law (as defined therein) for the Project; there exists a source of funds for the Project (to-wit, sales taxes received by the County pursuant to the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailer's Occupation Tax Act, or substitute taxes therefor, each as supplemented and amended from time to time by the General Assembly of State of Illinois [collectively, and as fully defined in the text below in Section 1 of this Ordinance, the "*Sales Taxes*"]), other than enterprise revenues as defined in the Reform Act, received or available to be received by the County and available for any one or more of its corporate purposes; and, accordingly, as provided in the Reform Act, the County is authorized to issue its alternate bonds payable from the Sales Taxes for the Project.

E. It is necessary and for the best interests of the County that the Project be undertaken, and in order to raise the funds required for the Project Costs, it will be necessary for the County to borrow at this time \$35,360,000 and in evidence thereof to issue alternate bonds under the Reform Act, payable from such revenue source (the Sales Taxes), all as provided by the Reform Act, in an aggregate principal amount of \$35,360,000.

F. The County Board, on the 8th day of July 2008, adopted an Ordinance (the "*Authorizing Ordinance*"), authorizing the issuance of general obligation sales tax alternate bonds, being general obligation bonds payable from a revenue source as provided by the Reform Act (the "*Sales Tax Alternate Bonds*"), in an amount not to exceed \$40,000,000 for the Project.

G. On the \_\_\_\_ day of July 2008, the Authorizing Ordinance, which included therein a notice in the statutory form, was published in *The News Sun*, and an affidavit evidencing the publication of the Authorizing Ordinance and said notice has heretofore been presented to the County Board and made a part of the permanent records of the County.

H. More than thirty (30) days have expired from the date of publication of the Authorizing Ordinance and said notice, and no petition with the requisite number of valid signatures thereon was filed with the County Clerk, requesting that the question of the issuance of the Sales Tax Alternate Bonds for the Project be submitted to referendum.

I. None of the Sales Tax Alternate Bonds has previously been issued.

J. The County Board has been authorized to issue the Sales Tax Alternate Bonds to the amount of not to exceed \$40,000,000 in accordance with the provisions of the Reform Act and the Authorizing Ordinance; and the County Board hereby determines that it is necessary and advisable that there be issued at this time all of the \$35,360,000 of the bonds so authorized (herein the "*Bonds*").

K. The Bonds to be issued will be payable from the Pledged Sales Tax Income and the Pledged Taxes, both as hereinafter defined.

L. The County Board hereby determines that the Pledged Sales Tax Income will provide in each year to final maturity of the Bonds an amount not less than 1.25 times debt service of the following outstanding bonds of the County:

1. General Obligation Refunding Bonds, Series 2005 (Sales Tax Alternate Revenue Source) and
  2. the Bonds, as now proposed to be issued,
- said series of bonds being all of the alternate bonds payable from the Pledged Sales Tax Income.

M. Such determination of the sufficiency of the Pledged Sales Tax Income is supported by reference to the most recent audit of the County for the fiscal year ended November 30, 2007

(the "*Audit*"), which audit is for a fiscal year ending not earlier than 18 months previous to the time of issuance of the Bonds herein authorized.

NOW THEREFORE Be It Ordained by the County Board of The County of Lake, Illinois, as follows:

*Section 1. Definitions.* Words and terms used in this Ordinance shall have the meanings given them, unless the context or use clearly indicates another or different meaning is intended. Words and terms defined in the singular may be used in the plural and vice-versa. Reference to any gender shall be deemed to include the other and also inanimate persons such as corporations, where applicable.

A. The following words and terms are as defined in the preambles hereto.

Audit

Authorizing Ordinance

Counties Code

County

County Board

Project

Project Costs

Reform Act

Sales Tax Alternate Bonds

B. The following words and terms are defined as set forth.

*"Additional Bonds"* means any alternate bonds issued in the future in accordance with the provisions of the Reform Act on a parity with and sharing ratably and equally in the Pledged Sales Tax Income with the Bonds.

*"Bond Fund"* means the 2008 Alternate Bond Fund established hereunder and further described by Section 14 of this Ordinance.



*"Bond Register"* means the books of the County kept by the Bond Registrar to evidence the registration and transfer of the Bonds.

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*"Bond Registrar"* means NorStates Bank, located in the City of Waukegan, Illinois, or successor thereto or designated hereunder, in its respective capacities as bond registrar and paying agent.

*"Bonds"* means the General Obligation Bonds (Sales Tax Alternate Revenue Source), Series 2008A, authorized to be issued by this Ordinance (and referred to as the Sales Tax Alternate Bonds in the preambles).

*"Book Entry Form"* means the form of the Bonds as fully registered and available in physical form only to the Depository.

*"Code"* means the Internal Revenue Code of 1986, as amended.

*"Continuing Disclosure Undertaking"* means the undertaking by the County for the benefit of the Purchaser as authorized in this Ordinance (Section 23) and substantially in the form as attached hereto as *Exhibit A*.

*"County Clerk"* means the County Clerk of The County of Lake, Illinois.

*"Depository"* means The Depository Trust Company, a New York limited trust company, its successors, or a successor depository qualified to clear securities under applicable state and federal laws.

*"Designated Officers"* means the County Board Chair, County Clerk, County Treasurer and County Controller.

*"Fiscal Year"* means that twelve-calendar month period beginning on the first day of December of any calendar year and ending on the last day of November of the next succeeding calendar year.

*"Ordinance"* means this ordinance as originally adopted and as the same may from time to time be amended or supplemented in accordance with terms hereof.

*"Outstanding"* when used with reference to the Bonds and Additional Bonds means such of those bonds which are outstanding and unpaid; *provided, however*, such term shall not include any of the Bonds or Additional Bonds (a) which have matured and for which moneys are on deposit with proper paying agents or are otherwise sufficiently available to pay all principal thereof and interest thereon or (b) the provision for payment of which has been made by the County by the deposit in an irrevocable trust or escrow of (i) funds or (ii) direct, full faith and credit obligations of the United States of America, (iii) certificates of participation in a trust comprised solely of direct, full faith and credit obligations of the United States of America or (iv) obligations for which the timely payment to maturity has been unconditionally guaranteed by the United States of America; the principal of and interest on which will be sufficient to pay at maturity or as called for redemption all the principal of and interest on such Bonds or Additional Bonds.

*"Pledged Moneys"* means the Pledged Sales Tax Income and the Pledged Taxes, as all of such terms are defined herein.

*"Pledged Sales Tax Income"* means all collections distributed to the County from those taxes imposed by the State of Illinois pursuant to the Use Tax Act, the Service Use Tax Act, the Service Occupation Tax Act, and the Retailer's Occupation Tax Act, each as supplemented and amended, or substitute taxes therefor as provided by the State in the future.

*"Pledged Taxes"* means the ad valorem taxes levied against all of the taxable property in the County without limitation as to rate or amount, pledged hereunder by the County as security for the Bonds.

*"Prior Alternate Sales Tax Bonds"* means the following bonds of the County:

NAME OF BONDS	SERIES DESIGNATION	ORIGINAL AMOUNT (\$)	AMOUNT OUTSTANDING (\$)
General Obligation Refunding Bonds (Sales Tax Alternate Revenue Source)	2005	3,500,000	_____

"Purchaser" means the winning bidder for the Bonds following a competitive sale, to-wit, \_\_\_\_\_.

"Purchase Price" means the amount to be paid by the Purchaser for the Bonds, to-wit, \$\_\_\_\_\_.

"Record Date" means the 15th day of the month of any regular interest payment date and 15 days preceding any interest payment date occasioned by the redemption of Bonds on other than the 30th day of a month.

"Tax-exempt" means, with respect to the Bonds, the status of interest paid and received thereon as excludable from the gross income of the owners thereof under the Code for federal income tax purposes except to the extent that such interest is taken into account in computing an adjustment used in determining the alternative minimum tax for certain corporations.

"Term Bonds" means Bonds subject to mandatory redemption by operation of the Bond Fund and designated as Term Bonds in this Ordinance.

C. Certain further words and terms used in particular sections are defined below.

D. The table of contents, headings, and other paragraph or section designations in this Ordinance are for the convenience of the reader and are not to alter the meaning of this Ordinance.

*Section 2. Incorporation of Preambles.* The County Board hereby finds that the recitals contained in the preambles to this Ordinance are true and correct and does hereby incorporate them into this Ordinance by this reference.

*Section 3. Determination to Issue Bonds.* It is necessary and in the best interests of the County for the County to undertake the Project for the public health, safety, welfare and convenience, and to issue the Bonds to enable the County to pay the Project Costs.

*Section 4. Bond Details.* For the purpose of providing for the payment of the Project Costs and to pay all related costs and expenses incidental thereto, there are hereby authorized to be issued and sold the Bonds in the aggregate principal amount of \$35,360,000. Each Bond shall be designated "*General Obligation Bond (Sales Tax Alternate Revenue Source), Series 2008A.*" The Bonds shall be in fully registered form and also in Book Entry Form as defined and described below in the provisions of this Ordinance relating to Book Entry Form (Section 6). The Bonds shall be dated as of September 1, 2008 (the "*Dated Date*"); each Bond shall also bear its respective date of authentication; and the Bonds shall be numbered consecutively in such reasonable manner as the Bond Registrar shall determine. The Bonds shall be in denominations of \$5,000 or integral multiples thereof (but no single such bond shall represent principal maturing on more than one date). The Bonds shall become due and payable (subject to right of prior redemption) serially and as Term Bonds, if applicable, on November 30 of the years and in the amounts and bearing interest at the rates percent per annum as follows:

YEAR	AMOUNT (\$)	RATE (%)	YEAR	AMOUNT (\$)	RATE (%)
2009			2019		
2010			2020		
2011			2021		
2012			2022		
2013			2023		
2014			2024		
2015			2025		
2016			2026		
2017			2027		
2018					

Those of the Bonds due on November 30 of the years as follows are Term Bonds under this Ordinance and are subject to mandatory redemption by operation of the Bond Fund at a price of par and accrued interest, without premium, on November 30 of the years and in the amounts as follows:

FOR THE TERM BONDS OF NOVEMBER 30, 20\_\_

YEAR	AMOUNT (\$)
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with \$ \_\_\_\_\_ remaining to be paid at maturity.

FOR THE TERM BONDS OF NOVEMBER 30, 20\_\_

YEAR	AMOUNT (\$)
------	-------------

with \$ \_\_\_\_\_ remaining to be paid at maturity.

FOR THE TERM BONDS OF NOVEMBER 30, 20\_\_

YEAR

AMOUNT (\$)

with \$\_\_\_\_\_ remaining to be paid at maturity.

Each Bond shall bear interest from its Dated Date as herein provided or from the most recent interest payment date to which interest has been paid or duly provided for, until the principal amount of such Bond is paid or duly provided for, such interest (computed upon the basis of a 360-day year of twelve 30-day months) being payable on May 30 and November 30 of each year, commencing on May 30, 2009. Interest on each Bond shall be paid by check or draft of the Bond Registrar, payable upon presentation thereof in lawful money of the United States of America, to the person in whose name such Bond is registered at the close of business on the applicable Record Date, mailed to the address of such registered owner as it appears on such registration books or at such other address as is furnished in writing by such registered owner to the Bond Registrar, or as otherwise may be agreed with the Depository for so long as the Depository is the registered owner as of a given Record Date. The principal of or redemption price due on the Bonds shall be payable in lawful money of the United States of America upon presentation thereof at the office so maintained for the purpose of the Bond Registrar in the City of Waukegan, Illinois, or at successor Bond Registrar or locality.

*Section 5. Execution; Authentication.* The Bonds shall be executed on behalf of the County by the manual or duly authorized facsimile signature of its Chair and attested by the manual or duly authorized facsimile signature of its County Clerk, as they may determine, and shall have impressed or imprinted thereon the corporate seal or facsimile thereof of the County.

In case any such officer whose signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery. All Bonds shall have thereon a certificate of authentication, substantially in the form hereinafter set forth, duly executed by the Bond Registrar as authenticating agent of the County and showing the date of authentication. No Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this Ordinance unless and until such certificate of authentication shall have been duly executed by the Bond Registrar by manual signature, and such certificate of authentication upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Ordinance. The certificate of authentication on any Bond shall be deemed to have been executed by it if signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Bonds issued hereunder.

*Section 6. Book Entry Provisions.* The Bonds shall be initially issued in the form of a separate single fully registered Bond for each of the maturities of the Bonds. Upon initial issuance, the ownership of each such Bond shall be registered in the Bond Register in the name of the Depository or a designee or nominee of the Depository (such depository or nominee being the "*Book Entry Owner*"). Except as otherwise expressly provided, all of the outstanding Bonds from time to time shall be registered in the Bond Register in the name of the Book Entry Owner (and accordingly in Book Entry Form as such term is used in this Ordinance). Any County officer, as representative of the County, is hereby authorized, empowered and directed to execute and deliver or to utilize the standing provisions of an existing Letter of Representations or Blanket Letter of Representations (either being the "*Letter of Representations*") substantially in the form common in the industry, or with such changes therein as the officer executing the Letter

of Representations on behalf of the County shall approve, his or her execution thereof to constitute conclusive evidence of his or her approval of such changes, as shall be necessary to effectuate Book Entry Form. Without limiting the generality of the authority given with respect to entering into such Letter of Representations, it may contain provisions relating to (a) payment procedures, (b) transfers of the Bonds or of beneficial interests therein, (c) redemption notices and procedures unique to the Depository, (d) additional notices or communications, and (e) amendment from time to time to conform with changing customs and practices with respect to securities industry transfer and payment practices. With respect to Bonds registered in the Bond Register in the name of the Book Entry Owner, neither the County nor the Bond Registrar shall have any responsibility or obligation to any broker-dealer, bank or other financial institution for which the Depository holds Bonds from time to time as securities depository (each such broker-dealer, bank or other financial institution being referred to herein as a "*Depository Participant*") or to any person on behalf of whom such a Depository Participant holds an interest in the Bonds. Without limiting the meaning of the immediately preceding sentence, neither the County nor the Bond Registrar shall have any responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Book Entry Owner, or any Depository Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any Depository Participant or any other person, other than a registered owner of a Bond as shown in the Bond Register or as otherwise expressly provided in the Letter of Representations, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any Depository Participant or any other person, other than a registered owner of a Bond as shown in the Bond Register, of any amount with respect to principal of or interest on the Bonds. No person other than a registered owner of a Bond as shown in the Bond Register shall receive a Bond certificate with respect to any Bond. In the event that (A) the County determines that the Depository is



incapable of discharging its responsibilities described herein and in the Letter of Representations, (B) the agreement among the County, the Bond Registrar, and the Depository evidenced by the Letter of Representations shall be terminated for any reason, or (C) the County determines that it is in the best interests of the County or of the beneficial owners of the Bonds either that they be able to obtain certificated Bonds or that another depository is preferable, the County shall notify the Depository and the Depository shall notify the Depository Participants of the availability of Bond certificates, and the Bonds shall no longer be restricted to being registered in the Bond Register in the name of the Book Entry Owner. Alternatively, at such time, the County may determine that the Bonds shall be registered in the name of and deposited with a successor depository operating a system accommodating Book Entry Form, as may be acceptable to the County, or such depository's agent or designee, but if the County does not select such alternate Book Entry system, then the Bonds shall be registered in whatever name or names registered owners of Bonds transferring or exchanging Bonds shall designate, in accordance with the provisions hereof.

*Section 7. Optional Redemption.* Those of the Bonds due on or after November 30, 2018, are subject to redemption prior to maturity at the option of the County, from any available funds, in whole or in part on any date on or after May 30, 2018, and, if in part, in any order of maturity as selected by the County, and if less than an entire maturity, in integral multiples of \$5,000, selected by lot by the Bond Registrar as hereinafter provided, at a redemption price of par plus accrued interest to the date fixed for redemption.

*Section 8. Term Bonds; Mandatory Redemption and Covenants; Effect of Purchase or Optional Redemption of Term Bonds.* Those of the Bonds denominated Term Bonds shall be subject to mandatory redemption by operation of the Bond Fund at a price of par and accrued interest, without premium, on November 30 of the years and in the amounts set forth for same.

The County covenants that it will redeem Term Bonds pursuant to the mandatory redemption requirement for such Term Bonds. Proper provision for mandatory redemption having been made, the County covenants that the Term Bonds so selected for redemption shall be payable as at maturity. If the County redeems pursuant to optional redemption as provided for the Bonds or purchases Term Bonds of any maturity and cancels the same from Bond Moneys as hereinafter described, then an amount equal to the principal amount of Term Bonds so redeemed or purchased shall be deducted from the mandatory redemption requirements provided for Term Bonds of such maturity, first, in the current year of such requirement, until the requirement for the current year has been fully met, and then in any order of such Term Bonds as due at maturity or subject to mandatory redemption in any year, as the County shall determine. If the County redeems pursuant to optional redemption or purchases Term Bonds of any maturity and cancels the same from moneys other than Bond Moneys, then an amount equal to the principal amount of Term Bonds so redeemed or purchased shall be deducted from the amount of such Term Bonds as due at maturity or subject to mandatory redemption requirement in any year, as the County shall determine.

*Section 9. Redemption Procedures.* The Bonds subject to redemption shall be identified, notice given, and paid and redeemed pursuant to the procedures as follows.

*A. Notice to Registrar; Selection of Bonds.* For a mandatory redemption, unless otherwise notified by the County, the Bond Registrar will proceed on behalf of the County as its agent to provide for the mandatory redemption of such Term Bonds without further order or direction hereunder or otherwise. For an optional redemption, the County shall at least 45 days prior to a redemption date (unless a shorter time period shall be satisfactory to the Bond Registrar), notify the Bond Registrar of such redemption date and of the maturities and principal amounts of Bonds to be redeemed. For purposes of any

redemption of less than all of the Bonds of a single maturity, the particular Bonds or portions of Bonds to be redeemed shall be selected by lot by the Bond Registrar for the Bonds of such maturity by such method of lottery as the Bond Registrar shall deem fair and appropriate; *provided*, that such lottery shall provide for the selection for redemption of Bonds or portions thereof so that any \$5,000 Bond or \$5,000 portion of a Bond shall be as likely to be called for redemption as any other such \$5,000 Bond or \$5,000 portion. The Bond Registrar shall make such selection upon the earlier of the irrevocable receipt or notice of deposit of funds sufficient to pay the redemption price of the Bonds to be redeemed or the time of the giving of official notice of redemption.

B. *Official Notice of Redemption.* The Bond Registrar shall promptly notify the County in writing of the Bonds or portions of Bonds selected for redemption and, in the case of any Bond selected for partial redemption, the principal amount thereof to be redeemed. Unless waived by the registered owner of Bonds to be redeemed, official notice of any such redemption shall be given by the Bond Registrar on behalf of the County by mailing the redemption notice by first class U.S. mail not less than 30 days and not more than 60 days prior to the date fixed for redemption to each registered owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such registered owner to the Bond Registrar. All official notices of redemption shall include the name of the Bonds and at least the information as follows:

- (1) the redemption date;
- (2) the redemption price;
- (3) if less than all of the outstanding Bonds of a particular maturity are to be redeemed, the identification (and, in the case of partial redemption of Bonds

within such maturity, the respective principal amounts) of the Bonds to be redeemed;

(4) a statement that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption and that interest thereon shall cease to accrue from and after said date; and

(5) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the corporate trust office of the Bond Registrar so maintained for such purpose.

C. *Conditional Redemption.* Unless moneys sufficient to pay the redemption price of the Bonds to be redeemed shall have been received by the Bond Registrar prior to the giving of such notice of redemption, such notice may, at the option of the County, state that said redemption shall be conditional upon the receipt of such moneys by the Bond Registrar on or prior to the date fixed for redemption. If such moneys are not received, such notice shall be of no force and effect, the County shall not redeem such Bonds, and the Bond Registrar shall give notice, in the same manner in which the notice of redemption was given, that such moneys were not so received and that such Bonds will not be redeemed.

D. *Bonds Shall Become Due.* Subject to the stated condition in paragraph C immediately preceding, official notice of redemption having been given as described, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the County shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for

redemption in accordance with said notice, such Bonds shall be paid by the Bond Registrar at the redemption price. The procedure for the payment of interest due as part of the redemption price shall be as herein provided for payment of interest otherwise due.

*E. Insufficiency in Notice Not Affecting Other Bonds; Failure to Receive Notice; Waiver.* Neither the failure to mail such redemption notice, nor any defect in any notice so mailed, to any particular registered owner of a Bond, shall affect the sufficiency of such notice with respect to other registered owners. Notice having been properly given, failure of a registered owner of a Bond to receive such notice shall not be deemed to invalidate, limit or delay the effect of the notice or redemption action described in the notice. Such notice may be waived in writing by a registered owner of a Bond entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by registered owners shall be filed with the Bond Registrar, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver. In lieu of the foregoing official notice, so long as the Bonds are held in Book Entry Form, notice may be given as provided in the Letter of Representations, and the giving of such notice shall constitute a waiver by the Depository and the Book Entry Owner, as registered owner, of the foregoing notice.

*F. New Bond in Amount Not Redeemed.* Upon surrender for any partial redemption of any Bond, there shall be prepared for the registered owner a new Bond or Bonds of like tenor, of authorized denominations, of the same maturity, and bearing the same rate of interest in the amount of the unpaid principal.

*G. Effect of Nonpayment upon Redemption.* If any Bond or portion of Bond called for redemption shall not be so paid upon surrender thereof for redemption, the

principal shall, until paid or duly provided for, bear interest from the redemption date at the rate borne by the Bond or portion of Bond so called for redemption.

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H. *Bonds to Be Cancelled; Payment to Identify Bonds.* All Bonds which have been redeemed shall be cancelled and destroyed by the Bond Registrar and shall not be reissued. Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

I. *Additional Notice.* The County agrees to provide such additional notice of redemption as it may deem advisable at such time as it determines to redeem Bonds, taking into account any requirements or guidance of the Securities and Exchange Commission, the Municipal Securities Rulemaking Board, the Government Accounting Standards Board, or any other federal or state agency having jurisdiction or authority in such matters; *provided, however,* that such additional notice shall be (1) advisory in nature, (2) solely in the discretion of the County, (3) not be a condition precedent of a valid redemption or a part of the Bond contract, and (4) any failure or defect in such notice shall not delay or invalidate the redemption of Bonds for which proper official notice shall have been given. Reference is also made to the provisions of the Continuing Disclosure Undertaking of the County with respect to the Bonds, which may contain other provisions relating to notice of redemption of Bonds.

J. *Bond Registrar to Advise County.* As part of its duties hereunder, the Bond Registrar shall prepare and forward to the County a statement as to notices given with respect to each redemption together with copies of the notices as mailed.

*Section 10. Registration of Bonds; Persons Treated as Owners.* The County shall cause books (the "*Bond Register*") for the registration and for the transfer of the Bonds as provided in this Ordinance to be kept at the office designated for such purpose of the Bond Registrar, which is hereby constituted and appointed the registrar of the County for the Bonds. The County is authorized to prepare, and the Bond Registrar or such other agent as the County may designate shall keep custody of, multiple Bond blanks executed by the County for use in the transfer and exchange of Bonds. Subject to the provisions of this Ordinance relating to the Bonds in Book Entry Form, any Bond may be transferred or exchanged, but only in the manner, subject to the limitations, and upon payment of the charges as set forth in this Ordinance. Upon surrender for transfer or exchange of any Bond at the office designated for such purpose of the Bond Registrar, duly endorsed by or accompanied by a written instrument or instruments of transfer or exchange in form satisfactory to the Bond Registrar and duly executed by the registered owner or an attorney for such owner duly authorized in writing, the County shall execute and the Bond Registrar shall authenticate, date and deliver in the name of the transferee or transferees or, in the case of an exchange, the registered owner, a new fully registered Bond or Bonds of like tenor, of the same maturity, bearing the same interest rate, of authorized denominations, for a like aggregate principal amount. The Bond Registrar shall not be required to transfer or exchange any Bond during the period from the close of business on the Record Date for an interest payment to the opening of business on such interest payment date or during the period of 15 days preceding the giving of notice of redemption of the Bonds or to transfer or exchange any Bond all or a portion of which has been called for redemption. The execution by the County of any fully registered Bond shall constitute full and due authorization of such Bond, and the Bond Registrar shall thereby be authorized to authenticate, date and deliver such Bond; *provided, however*, the principal amount of Bonds and maturity authenticated by the Bond Registrar shall not at any one

time exceed the authorized principal amount of Bonds for such maturity less the amount of such Bonds which have been paid. The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of the principal of or interest on any Bond shall be made only to or upon the order of the registered owner thereof or his legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid. No service charge shall be made to any registered owner of Bonds for any transfer or exchange of Bonds, but the County or the Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds.

*Section 11. Form of Bonds.* The Bonds shall be in substantially the form hereinafter set forth; *provided, however,* that if the text of the Bonds is to be printed in its entirety on the front side of the Bonds, then the second paragraph on the front side and the legend "See Reverse Side for Additional Provisions" shall be omitted and the text of paragraphs set forth for the reverse side shall be inserted immediately after the first paragraph.



[Form of Bond - Front Side]

REGISTERED

No. \_\_\_\_\_

REGISTERED

\$ \_\_\_\_\_

UNITED STATES OF AMERICA  
STATE OF ILLINOIS  
THE COUNTY OF LAKE  
GENERAL OBLIGATION BOND  
(SALES TAX ALTERNATE REVENUE SOURCE)  
SERIES 2008A

See Reverse Side for  
Additional Provisions

Interest Maturity Dated Date:  
Rate: Date: May 30, \_\_\_\_\_ September 1, 2008 CUSIP: \_\_\_\_\_

Registered Owner: CEDE & Co.

Principal Amount: \_\_\_\_\_ Dollars

KNOW ALL PERSONS BY THESE PRESENTS that The County of Lake, Illinois, a county and political subdivision of the State of Illinois (the “*County*”), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns as hereinafter provided, on the Maturity Date identified above (subject to right of prior redemption), the Principal Amount identified above and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on such Principal Amount from the later of the Dated Date of this Bond identified above or from the most recent interest payment date to which interest has been paid or duly provided for, at the Interest Rate per annum identified above, such interest to be payable on May 30 and November 30 of each year, commencing May 30, 2009, until said Principal Amount is paid or duly provided for. The principal of or redemption price on this Bond is payable in lawful money of the United States of America upon presentation hereof at the office designated for such purpose of NorStates Bank, currently with corporate trust offices located in the City of Waukegan, Illinois, as paying agent and bond registrar (the “*Bond*”).

*Registrar*”). Payment of interest shall be made to the Registered Owner hereof as shown on the registration books of the County maintained by the Bond Registrar at the close of business on the applicable Record Date (the “*Record Date*”). The Record Date shall be the 15th day of the month of any regular interest payment date and 15 days preceding any interest payment date occasioned by the redemption of Bonds on other than the 30th day of a month. Interest shall be paid by check or draft of the Bond Registrar, payable upon presentation in lawful money of the United States of America, mailed to the address of such Registered Owner as it appears on such registration books or at such other address furnished in writing by such Registered Owner to the Bond Registrar, or as otherwise agreed by the County and the Bond Registrar and a qualified securities clearing corporation as depository, or nominee, for so long as this Bond shall be in Book Entry Form as provided for same.

Reference is hereby made to the further provisions of this Bond set forth on the reverse hereof, and such further provisions shall for all purposes have the same effect as if set forth at this place.

It is hereby certified and recited that all acts, conditions, and things required to be done precedent to and in the issuance of this Bond have been done and have happened and have been performed in regular and due form of law; that the indebtedness of the County, including the issue of Bonds of which this is one, does not exceed any limitation imposed by law; that provision has been made for the collection of the Pledged Sales Tax Income, the levy and collection of the Pledged Taxes, and the segregation of all Pledged Moneys to pay the interest hereon as it falls due and also to pay and discharge the principal hereof at maturity; and that the County hereby covenants and agrees that it will properly account for said Pledged Moneys and will comply with all the covenants of and maintain the funds and accounts as provided by the Ordinance.

FOR THE PROMPT PAYMENT OF THIS BOND, BOTH PRINCIPAL AND INTEREST AT MATURITY,  
~~THE FULL FAITH, CREDIT AND RESOURCES OF THE COUNTY ARE HEREBY IRREVOCABLY PLEDGED.~~

This Bond shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed by the Bond Registrar.

IN WITNESS WHEREOF The County of Lake, Illinois, by its County Board, has caused this Bond to be executed by the manual or duly authorized facsimile signature of its Chair and attested by the manual or duly authorized facsimile signature of its County Clerk and its corporate seal or a facsimile thereof to be impressed or reproduced hereon, all as appearing hereon and as of the Dated Date identified above.

\_\_\_\_\_  
County Board Chair  
The County of Lake, Illinois

ATTEST:

\_\_\_\_\_  
County Clerk, The County of Lake, Illinois

[SEAL]

Date of Authentication: \_\_\_\_\_, \_\_\_\_\_

CERTIFICATE  
OF  
AUTHENTICATION

Bond Registrar and Paying Agent:  
NorStates Bank,  
Waukegan, Illinois

This Bond is one of the Bonds described in the within-mentioned Ordinance and is one of the General Obligation Bonds (Sales Tax Alternate Revenue Source), Series 2008A, having a Dated Date of September 1, 2008, of The County of Lake, Illinois.

NORSTATES BANK, as Bond Registrar

By \_\_\_\_\_  
Authorized Officer

[FORM OF BOND - REVERSE SIDE]

This bond and the bonds of the series of which it forms a part ("*Bond*" and "*Bonds*" respectively) are of an authorized issue of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_) and are of like dated date and tenor except as to maturity, rate of interest and privilege of redemption and are issued pursuant to the Counties Code of the State of Illinois, as amended (the "*Counties Code*") and the Local Government Debt Reform Act of the State of Illinois, as amended (the "*Reform Act*").

The Bonds are payable from the Pledged Sales Tax Income of the County and the Pledged Taxes of the County.

The Bonds are issued pursuant to an ordinance passed by the County Board of the County (the "*County Board*") on the 12th day of August 2008 (the "*Ordinance*"), to which reference is hereby expressly made for further definitions and terms and to all the provisions of which the Registered Owner by the acceptance of this Bond assents. This Bond does not and will not constitute an indebtedness of the County within the meaning of any constitutional or statutory

provision or limitation, unless the Pledged Taxes shall be extended pursuant to the general obligation, full faith and credit promise supporting the Bonds, in which case the amount of the Bonds then Outstanding shall be included in the computation of indebtedness of the County for purposes of all statutory provisions or limitations until such time as an audit of the County shall show that the Bonds shall have been paid from the Pledged Sales Tax Income for a complete Fiscal Year.

This Bond may be transferred or exchanged, but only in the manner, subject to the limitations, and upon payment of the charges as set forth in the Ordinance.

This Bond is subject to optional and mandatory redemption upon the terms, notice, redemption prices, and other applicable provisions of the Ordinance.

The County and the Bond Registrar may deem and treat the Registered Owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes, and neither the County nor the Bond Registrar shall be affected by any notice to the contrary.

#### ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto

[Here insert identifying number such as TID, SSN, or other]

\_\_\_\_\_  
\_\_\_\_\_  
(Name and Address of Assignee)

the within Bond and does hereby irrevocably constitute and appoint \_\_\_\_\_

\_\_\_\_\_  
as attorney to transfer the said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature Guaranteed: \_\_\_\_\_

~~NOTICE:~~ The signature to this assignment must correspond with the name of the registered owner as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

*Section 12. Sale of Bonds.* The Bonds shall be executed as in this Ordinance provided as soon after the passage hereof as may be, shall be deposited with the County Controller, and shall be by the County Controller delivered to the Purchaser upon payment of the Purchase Price, plus accrued interest to date of delivery. The contract for the sale of the Bonds to the Purchaser, as evidenced by the County's Official Notice of Sale of the Bonds and the Official Bid Form as executed and submitted by the Purchaser, is hereby in all respects approved and confirmed, and any of the Designated Officers is authorized and directed to execute the Official Bid Form as submitted on behalf of the County, it being hereby declared that no person holding any office of the County, either by election or appointment, is in any manner interested, either directly or indirectly, in his own name or the name of any other person, association, trust or corporation, in such contract for the sale of the Bonds to such Purchaser. The (Preliminary) Official Statement of the County, dated July \_\_, 2008, relating to the Bonds, heretofore presented to the County Board is hereby ratified and approved. The Official Statement (by Addendum) of the County, to be dated within seven (7) business days of the date hereof, relating to the Bonds (the "*Official Statement*"), is hereby authorized and approved, and the Purchaser is hereby authorized on behalf of the County to distribute copies of the Official Statement to the ultimate purchasers of the Bonds. The Designated Officers, or any of the Designated Officers, are hereby authorized to execute and deliver the Official Statement on behalf of the County.

*Section 13. Treatment of Bonds as Debt.* The Bonds shall be payable from the Pledged Moneys and do not and shall not constitute an indebtedness of the County within the meaning of any constitutional or statutory limitation, unless the Pledged Taxes shall be extended pursuant to

the general obligation, full faith and credit promise supporting the Bonds, in which case the amount of the Bonds then Outstanding shall be included in the computation of indebtedness of the County for purposes of all statutory provisions or limitations until such time as an audit of the County shall show that the Bonds have been paid from the Pledged Sales Tax Income for a complete Fiscal Year, in accordance with the Reform Act.

*Section 14. 2008A Alternate Bond Fund.* Subject to the provisions below (Section 16), there is hereby created a special fund of the County, which fund shall be held separate and apart from all other funds and accounts of the County and shall be known as the "2008A Alternate Bond Fund" (the "*Bond Fund*"). The purpose of the Bond Fund is to provide a fund to receive and disburse the Pledged Sales Tax Income for the Bonds and to receive and disburse Pledged Taxes for any (or all) of the Bonds. (Moneys on deposit in the Bond Fund from any source may be referred to as "*Bond Moneys*." ) There are hereby created two accounts of Bond Fund, designated the Pledged Sales Tax Income Account and the General Account. All Pledged Sales Tax Income as required for the Bonds shall be deposited to the credit of the Pledged Sales Tax Income Account, and all Pledged Taxes shall be deposited to the credit of the General Account. The Bond Fund and its respective accounts constitute a trust fund established for the purpose of carrying out the covenants, terms and conditions imposed upon the County by this Ordinance. The Pledged Sales Tax Income is to be paid to the County Treasurer by the officers who collect or receive the Pledged Sales Tax Income. The County Treasurer shall deposit the Pledged Sales Tax Income to the Pledged Sales Tax Income Account of the Bond Fund (at the times and in the amounts required by Section 19 hereof). Any Pledged Taxes received by the County shall promptly be deposited into the General Account of the Bond Fund. Pledged Taxes on deposit to the credit of the General Account of the Bond Fund shall be fully spent to pay the principal of and interest and premium, if any, prior to use of any moneys on deposit in the Pledged Sales Tax

Income Account of the Bond Fund. Bond Moneys on deposit in the Bond Fund shall be used as follows:

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A. Bond Moneys shall be applied to the payment of interest when due and principal or redemption price when due at maturity or as redeemed pursuant to mandatory redemption from the Bond Fund, or

B. On or before 65 days preceding a mandatory redemption date, and provided notice is given to the Bond Registrar on or before said 65th day preceding a mandatory redemption date, Bond Moneys up to the amount of the redemption requirement on such mandatory redemption date plus interest due on Term Bonds on such date may be applied (1) to the purchase of Term Bonds of the maturity for which such mandatory redemption requirement was established at prices (including commissions and charges, if any) not exceeding par and accrued interest to such mandatory redemption date or (2) to the redemption of such Bonds, without premium, pursuant to optional redemption provisions applicable thereto. Upon the purchase or redemption of Term Bonds of any maturity pursuant to this paragraph (B), an amount equal to the principal amount of such Bonds or applicable portion thereof so purchased or redeemed shall be deducted from the mandatory redemption requirement as provided for Term Bonds of such maturity, first, in the current year of such requirement, until the requirement for the current year has been fully met, and then in any order of payment on the Term Bonds as due at maturity or subject to mandatory redemption in any year as the County shall at such time determine.

Interest or principal coming due at any time when there are insufficient funds on hand from the aforesaid sources dedicated to the payment of the same shall be paid promptly when due from current funds on hand in advance of the collection of such moneys; and when such moneys shall have been collected, reimbursement shall be made to said funds in the amount so advanced. The



County covenants and agrees with the purchasers and registered owners of the Bonds that so long as any of the Bonds remain outstanding, the County will take no action or fail to take any action which in any way would adversely affect the ability of the County to levy and collect the Pledged Taxes. The County and its officers will comply with all present and future applicable laws in order to assure that the Pledged Taxes, to the extent necessary, may be levied, extended and collected as provided herein and deposited into the Bond Fund.

*Section 15. Use of Bond Proceeds; Project Fund.* The proceeds derived from the sale of the Bonds shall be used as follows:

A. Accrued interest received by the County upon the sale of the Bonds shall be remitted by the County Treasurer for deposit into the Pledged Sales Tax Income Account of the Bond Fund for the Bonds and be used to pay first interest coming due on the Bonds.

B. Subject to the provisions below (Section 16), the remaining funds shall be set aside in a separate fund hereby created and designated as the "Project Fund (2008A)" (the "*Project Fund*"). Moneys in said fund shall be withdrawn from time to time as needed for the payment of Project Costs; and, subject to the provisions below (Section 16), said moneys shall be disbursed by the County from time to time only upon submission to the County Treasurer of the following:

(1) If such disbursement is for payment to a supplier, materialman, or contractor for work done in connection with the Project, a certificate executed by the County officer, the engineer or the architect in charge of the construction or acquisition of the pertinent project stating the amount of materials supplied or the nature of the work completed, that such materials have been properly accepted or

such work approved by him or her, the amount due and payable thereon, and the amount remaining to be paid in connection with the project as applicable; and

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(2) A duplicate copy of the order signed by an authorized officer of the County, who shall not be the same officer as set forth in clause (1), stating specifically the purpose for which the order is issued and indicating that the payment for which the order is issued has been approved by the County.

Funds on deposit in the Project Fund may be invested by the County Treasurer in any lawful manner. All investment earnings in the Project Fund shall first be reserved and transferred to such other account as and to the extent necessary to pay any "excess arbitrage profits" or "penalty in lieu of rebate" under the Code Section 148 to maintain the Tax-exempt status of the Bonds, and the remainder shall be retained in the Project Fund for Project Costs. Within sixty (60) days after full depletion of the Project Fund, or if the Project has been fully completed and accepted, the County Treasurer shall certify to the County Board the fact of such depletion or the engineer or architect or County officer in responsible charge of the Project shall certify to the County Board the fact that the work has been completed and accepted, and upon approval of such certification by the County Board, funds (if any) remaining in the Project Fund shall be credited by the County Treasurer to the Bond Fund; and the Project Fund shall be closed.

*Section 16. Alternate Accounting and Disbursement Procedure.* In the alternative to the establishment of the Bond Fund or Project Fund named above, the Controller or Treasurer may allocate the moneys otherwise to be deposited into or earned in the Bond Fund or Project Fund to one or more other related funds or accounts of the County now in existence; *provided, however,* that such allocation shall not relieve such officers of the duties to invest and otherwise treat and account for such moneys as if the Bond Fund or the Project Fund had in fact been established. Further, the requirements set forth above for disbursements from the Project Fund are waived in

favor of regular County procedures for disbursements of funds, so long as such procedures require a County officer or employee to find the work for which payment is sought properly done, that County Board approval of payment is required prior to disbursement, and that two separate County officers are required for disbursement (such as the Controller authorizing and the Treasurer making payment).

*Section 17. Pledged Taxes; Tax Levy.* For the purpose of providing necessary funds to pay the principal of and interest on the Bonds, and as provided in Section 15 of the Reform Act, there is hereby levied upon all of the taxable property within the County, in the years for which any of the Bonds are Outstanding, a direct annual tax in amounts sufficient for that purpose, and there be and there hereby is levied upon all of the taxable property in the County the following direct annual taxes (the Pledged Taxes):

FOR THE YEAR    A TAX SUFFICIENT TO PRODUCE THE SUM OF:

2008	\$ _____	for interest on and principal of the Bonds up to and including November 30, 2009
2009	\$ _____	for interest and principal
2010	\$ _____	for interest and principal
2011	\$ _____	for interest and principal
2012	\$ _____	for interest and principal
2013	\$ _____	for interest and principal
2014	\$ _____	for interest and principal
2015	\$ _____	for interest and principal
2016	\$ _____	for interest and principal
2017	\$ _____	for interest and principal
2018	\$ _____	for interest and principal
2019	\$ _____	for interest and principal
2020	\$ _____	for interest and principal
2021	\$ _____	for interest and principal
2022	\$ _____	for interest and principal
2023	\$ _____	for interest and principal
2024	\$ _____	for interest and principal
2025	\$ _____	for interest and principal
2026	\$ _____	for interest and principal

*Section 18. Filing with County Clerk.* After this Ordinance becomes effective, a copy hereof shall be filed with the County Clerk. The County Clerk shall in and for each of the years required ascertain the rate percent required to produce the aggregate Pledged Taxes hereinbefore provided to be levied in each of said years; and the County Clerk shall extend the same for collection on the tax books in connection with other taxes levied in said years in and by the County for general corporate purposes of the County; and the County Clerk, or other appropriate officer or designee, shall remit the Pledged Taxes for deposit to the credit of the General Account of the Bond Fund, and in said years the Pledged Taxes shall be levied and collected by and for and on behalf of the County in like manner as taxes for general corporate purposes of the County for said years are levied and collected, and in addition to and in excess of all other taxes. The Pledged Taxes are hereby irrevocably pledged to and shall be used only for the purpose of paying principal of and interest on the Bonds.

*Section 19. Abatement of Pledged Taxes.* For the purpose of providing Pledged Sales Tax Income in each year sufficient to pay debt service of all Outstanding Bonds for such year, the County agrees and covenants to make provision therefor in the County's annual budget and appropriation ordinance to be duly adopted by the County Board, all in the manner, form, and time as provided by law. Prior to the deadline for the timely annual abatement of the Pledged Taxes for the Bonds, but in no event *earlier* than December 1st of the year in which such Pledged Taxes are levied (*i.e.*, the year prior to extension and collection), the Controller shall cause to be deposited Pledged Sales Tax Income into the proper account in an amount necessary to provide for the payment of interest and principal coming due on the Bonds otherwise payable from the proceeds of such tax levy. Upon (but in no event prior to) the deposit of such moneys, the County Board or the officers of the County acting with proper authority shall direct the abatement of such levy of Pledged Taxes for the Bonds to the extent of the moneys so deposited.

*Section 20. Pledged Sales Tax Income; General Covenants.* The County covenants and agrees with the holders of the Bonds that, so long as any Bonds remain Outstanding:

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A. The Pledged Sales Tax Income (heretofore pledged to the payment of the Prior Alternate Sales Tax Bonds) is hereby also pledged to the payment of the Bonds; and the County Board covenants and agrees to provide for, collect and apply the Pledged Sales Tax Income to the payment of all of such bonds as are from time to time Outstanding Bonds and the provision of not less than an additional 0.25 times debt service thereon, all in accordance with Section 15 of the Reform Act.

B. The County will punctually pay or cause to be paid from the Pledged Sales Tax Income Account of the Bond Fund the principal of, interest on and premium, if any, to become due in respect to the Bonds in strict conformity with the terms of the Bonds and this Ordinance, and it will faithfully observe and perform all of the conditions, covenants and requirements thereof.

C. The County will pay and discharge, or cause to be paid and discharged, from the Pledged Sales Tax Income Account of the Bond Fund any and all lawful claims which, if unpaid, might become a lien or charge upon the Pledged Sales Tax Income, or any part thereof, or upon any such funds in the hands of the Bond Registrar, or which might impair the security of the Bonds. Nothing herein contained shall require the County to make any such payment so long as the County in good faith shall contest the validity of said claims.

D. The County will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the County, in which complete and correct entries shall be made of all transactions relating to the Pledged Sales Tax

Income and to the Pledged Sales Tax Income Account of the Bond Fund and the Bond Fund.

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E. The County will preserve and protect the security of the Bonds and the rights of the registered owners of the Bonds, and will warrant and defend their rights against all claims and demands of all persons. From and after the sale and delivery of any of the Bonds by the County, the Bonds shall be incontestable by the County.

F. The County will adopt, make, execute and deliver any and all such further ordinances, resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention of, or to facilitate the performance of, this Ordinance, and for the better assuring and confirming unto the holders of the Bonds of the rights and benefits provided in this Ordinance.

G. The County will continue to deposit the Pledged Sales Tax Income and, if necessary, the Pledged Taxes to the appropriate accounts of the Bond Fund. The County covenants and agrees with the purchasers of the Bonds and with the registered owners thereof that so long as any Bonds remain Outstanding, the County will take no action or fail to take any action which in any way would adversely affect the ability of the County to collect the Pledged Sales Tax Income. The County and its officers will comply with all present and future applicable laws in order to assure that the Pledged Sales Tax Income and the Pledged Taxes may be collected as provided herein and deposited into the Bond Fund.

H. Once issued, the Bonds shall be and forever remain until paid or defeased the general obligation of the County, for the payment of which its full faith and credit are pledged, and shall be payable, in addition to the Pledged Revenues, from the levy of the Pledged Taxes as provided in the Act.

*Section 21. Additional Bonds.* The County reserves the right to issue Additional Bonds ~~without limit from time to time payable from the Pledged Sales Tax Income, and any such~~ Additional Bonds shall share ratably and equally in the Pledged Sales Tax Income with the Bonds.

*Section 22. Bond Registrar Covenants.* If requested by the Bond Registrar, the Designated Officers are authorized to execute the Bond Registrar's standard form of agreement between the County and the Bond Registrar with respect to the obligations and duties of the Bond Registrar hereunder. Subject to modification by the express terms of any such agreement, such duties shall include the following: (a) to act as bond registrar, authenticating agent, paying agent and transfer agent as provided herein; (b) to maintain a list of Bondholders as set forth herein and to furnish such list to the County upon request, but otherwise to keep such list confidential to the extent permitted by law; (c) to give notice of redemption of Bonds as provided herein; (d) to cancel and/or destroy Bonds which have been paid at maturity or upon earlier redemption or submitted for exchange or transfer; (e) to furnish the County at least annually a certificate with respect to Bonds cancelled and/or destroyed and (f) to furnish the County at least annually an audit confirmation of Bonds paid, Outstanding Bonds and payments made with respect to interest on the Bonds. The County Clerk is hereby directed to file a certified copy of this Ordinance with the Bond Registrar. The County covenants with respect to the Bond Registrar, and the Bond Registrar further covenants and agrees as follows:

A. The County shall at all times retain a Bond Registrar with respect to the Bonds; it will maintain at the designated office(s) of such Bond Registrar a place or places where Bonds may be presented for payment, registration, transfer or exchange; and it will require that the Bond Registrar properly maintain the Bond Register and perform the other duties and obligations

imposed upon it by this Ordinance in a manner consistent with the standards, customs and practices of the municipal securities industry.

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B. The Bond Registrar shall signify its acceptance of the duties and obligations imposed upon it by this Ordinance by executing the certificate of authentication on any Bond, and by such execution the Bond Registrar shall be deemed to have certified to the County that it has all requisite power to accept and has accepted such duties and obligations not only with respect to the Bond so authenticated but with respect to all the Bonds. Any Bond Registrar shall be the agent of the County and shall not be liable in connection with the performance of its duties except for its own negligence or willful wrongdoing. Any Bond Registrar shall, however, be responsible for any representation in its certificate of authentication on Bonds.

C. The County may remove the Bond Registrar at any time. In case at any time the Bond Registrar shall resign, shall be removed, shall become incapable of acting, or shall be adjudicated a bankrupt or insolvent, or if a receiver, liquidator, or conservator of the Bond Registrar or of the property thereof shall be appointed, or if any public officer shall take charge or control of the Bond Registrar or of the property or affairs thereof, the County covenants and agrees that it will thereupon appoint a successor Bond Registrar. The County shall give notice of any such appointment made by it to each registered owner of any Bond within twenty days after such appointment in the same manner, or as nearly the same as may be practicable, as for a redemption of Bonds. Any Bond Registrar appointed under the provisions of this Section shall be a bank, trust company, or national banking association maintaining trust offices in the City of Chicago, Illinois, or in the City of New York, Borough of Manhattan, State of New York, New York, and having capital and surplus and undivided profits in excess of \$100,000,000

*Section 23. General Tax Covenants.* The County hereby covenants that it will not take any action, omit to take any action, or permit the taking or omission of any action, within its



control (including, without limitation, making or permitting, any use of the proceeds of the Bonds) if taking, permitting, or omitting to take such action would cause any of the Bonds to be an arbitrage bond or a private activity bond within the meaning of the Code or would otherwise cause the interest on the Bonds to be included in the gross income of the recipients thereof for federal income tax purposes. The County acknowledges that, in the event of an examination by the Internal Revenue Service of the exemption from Federal income taxation for interest paid on the Bonds, under present rules, the County is treated as the "taxpayer" in such examination and agrees that it will respond in a commercially reasonable manner to any inquiries from the Internal Revenue Service in connection with such an examination. In furtherance of the foregoing provisions, but without limiting their generality, the County agrees: (a) through its officers, to make such further specific covenants, representations as shall be truthful, and assurances as may be necessary or advisable; (b) to comply with all representations, covenants, and assurances contained in certificates or agreements as may be prepared by counsel approving the Bonds; (c) to consult with such counsel and to comply with such advice as may be given; (d) to file such forms, statements, and supporting documents as may be required and in a timely manner; and (e) if deemed necessary or advisable by its officers, to employ and pay fiscal agents, financial advisors, attorneys, and other persons to assist the County in such compliance.

*Section 24. Certain Specific Tax Covenants.* A. None of the Bonds shall be a "private activity bond" as defined in Section 141(a) of the Code; and the County certifies, represents, and covenants as follows:

- (1) Not more than 5% of the net proceeds of the Bonds is to be used, directly or indirectly, in any trade or business carried on by any person other than a state or local governmental unit.

(2) Not more than 5% of the amounts necessary to pay the principal of and interest on the Bonds will be derived, directly or indirectly, from payments with respect to any private business use by any person other than a state or local governmental unit.

(3) None of the proceeds of the Bonds is to be used, directly or indirectly, to make or finance loans to persons other than a state or local governmental unit.

(4) No user of the infrastructure of the County to be improved as part of the Project, other than the County or another governmental unit, will use the same on any basis other than the same basis as the general public; and no person, other than the County or another governmental unit, will be a user of such infrastructure as a result of (i) ownership or (ii) actual or beneficial use pursuant to a lease, a management or incentive payment contract other than as expressly permitted by the Code, or (iii) any other arrangement.

B. The Bonds shall not be "arbitrage bonds" under Section 148 of the Code; and the County certifies, represents, and covenants as follows:

(1) With respect to the Project, the County has heretofore incurred or within six months after delivery of the Bonds expects to incur substantial binding obligations to be paid for with money received from the sale of the Bonds, said binding obligations comprising binding contracts for the Project in not less than the amount of 5% of the proceeds of the Bonds.

(2) More than 85% of the proceeds of the Bonds are expected to be expended on or before three years from the date hereof for the purpose of paying the costs of the Project.

(3) All of the principal proceeds of the Bonds and investment earnings thereon ~~are expected to be used, needed, and expended for the purpose of paying the costs of the~~ Project, including expenses incidental thereto.

(4) Work on the Project is expected to proceed with due diligence to completion.

(5) Except for the Bond Fund, the County has not created or established and will not create or establish any sinking fund, reserve fund, or any other similar fund to provide for the payment of the Bonds. The Bond Fund has been established and will be funded in a manner primarily to achieve a proper matching of revenues and debt service and will be depleted at least annually to an amount not in excess of 1/12th the particular annual debt service on the Bonds. Money deposited into the Bond Fund will be spent within a 13-month period beginning on the date of deposit, and investment earnings in the Bond Fund will be spent or withdrawn from the Bond Fund within a one-year period beginning on the date of receipt.

(6) Amounts of money related to the Bonds required to be invested at a yield not materially higher than the yield on the Bonds, as determined pursuant to such tax certifications or agreements as the County officers may make in connection with the issuance of the Bonds, shall be so invested; and appropriate County officers are hereby authorized and directed to make such investments.

(7) Unless an applicable exception to Section 148(f) of the Code, relating to the rebate of "excess arbitrage profits" to the United States Treasury (the "*Rebate Requirement*") is available to the County, the County will meet the Rebate Requirement.

(8) Relating to applicable exceptions, any County officer charged with issuing the Bonds is hereby authorized to make such elections under the Code as such officer

shall deem reasonable and in the best interests of the County. If such election may result in a "penalty in lieu of rebate" as provided in the Code, and such penalty is incurred (the "Penalty"), then the County shall pay such Penalty.

(9) The officers of the County shall cause to be established, at such time and in such manner as they may deem necessary or appropriate hereunder, a "*General Obligation Bonds (Sales Tax Alternate Revenue Source), Series 2008A, Rebate [or Penalty, if applicable] Fund*" or such officers may utilize a similar purpose fund or account of the County (either being the "*Rebate Fund*") for the Bonds, and such officers shall further, not less frequently than annually, cause to be transferred or allocated to the Rebate Fund the amount determined to be the accrued liability under the Rebate Requirement or Penalty. Said officers shall cause to be paid to the United States Treasury, without further order or direction from the County Board, from time to time as required, amounts sufficient to meet the Rebate Requirement or to pay the Penalty.

(10) Interest earnings in the Project Fund and the Bond Fund are hereby authorized to be transferred, without further order or direction from the County Board, from time to time as required, to the Rebate Fund for the purposes herein provided; and proceeds of the Bonds and other funds of the County are also hereby authorized to be used to meet the Rebate Requirement or to pay the Penalty but only if necessary after application of investment earnings as aforesaid and only as appropriated by the County Board.

C. None of the proceeds of the Bonds will be used to pay, directly or indirectly, in whole or in part, for an expenditure that has been paid by the County prior to the date hereof except architectural or engineering costs incurred prior to commencement of any of the Project or expenditures for which an intent to reimburse has been properly declared under Treasury

Regulations Section 1.103-18. This Ordinance is in itself a declaration of official intent under Treasury Regulations Section 1.103-18 as to all Project Costs paid after the date hereof and prior to issuance of the Bonds.

D. The County reserves the right to use or invest moneys in connection with the Bonds in any manner, or to make changes in the definition of the Project, or to use the County infrastructure acquired, constructed, or improved as part of the Project in any manner, notwithstanding the representations and covenants relating to the Tax-exempt status of the Bonds (Sections 23 and 24 herein), provided it shall first have received an opinion from an attorney or a firm of attorneys generally acceptable to purchasers of state and local governmental bonds to the effect that use or investment of such moneys or the changes in or use of such infrastructure as contemplated are proper under state law and will not result in loss or impairment of the Tax-exempt status of the Bonds.

*Section 25. Continuing Disclosure Undertaking.* The Chair of the County Board, the County Clerk or the Treasurer are hereby authorized, empowered and directed to execute and deliver the Continuing Disclosure Undertaking in substantially the same form as now before the County and attached hereto as *Exhibit A*, or with such changes therein as the individual executing the Continuing Disclosure Undertaking on behalf of the County shall approve. When the Continuing Disclosure Undertaking is executed and delivered on behalf of the County as herein provided, the Continuing Disclosure Undertaking will be binding on the County and the officers, employees and agents of the County, and the officers, employees and agents of the County are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Continuing Disclosure Undertaking as executed. Notwithstanding any other provision of this Ordinance, the sole remedies for failure to comply with the Continuing Disclosure Undertaking shall be the

ability of the beneficial owner of any Bond to seek mandamus or specific performance by court order, to cause the County to comply with its obligations under the Continuing Disclosure Undertaking.

*Section 26. Municipal Bond Insurance.* In the event the payment of principal of and interest on the Bonds is insured pursuant to a municipal bond insurance policy (a "*Municipal Bond Insurance Policy*") issued by a bond insurer (a "*Bond Insurer*"), and as long as such Municipal Bond Insurance Policy shall be in full force and effect, the County and the Bond Registrar agree to comply with such usual and reasonable provisions regarding presentment and payment of the Bonds, subrogation of the rights of the Bondholders to the Bond Insurer when holding Bonds, amendment hereof, or other terms, as approved by the Chair of the County Board or any of the Designated Officers on advice of counsel, his, her or their approval to constitute full and complete acceptance by the County of such terms and provisions under authority of this section.

*Section 27. Defeasance.* Bonds which are no longer Outstanding Bonds as defined in this Ordinance shall cease to have any lien on or right to receive or be paid from the Pledged Sales Tax Income or the Pledged Taxes, and shall no longer have the benefits of any covenant for the registered owners of Outstanding Bonds as set forth herein as such relates to lien and security for the Bonds in the Pledged Sales Tax Income or the Pledged Taxes.

*Section 28. This Ordinance a Contract.* The provisions of this Ordinance shall constitute a contract between the County and the registered owners of the Bonds, and no changes, additions or alterations of any kind shall be made hereto, except as herein provided.

*Section 29. Severability.* If any section, paragraph, clause or provision of this Ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this Ordinance.

*Section 30. Superseder.* All ordinances, resolutions or orders, or parts thereof, in conflict with the provisions of this ordinance are to the extent of such conflict hereby superseded.

*Section 31. Effective Date.* This Ordinance shall be effective immediately.

PASSED by the County Board on August 12, 2008.

WITNESS AND SIGNED: August \_\_, 2008.

\_\_\_\_\_  
Chair

AYES:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

NAYS:

\_\_\_\_\_

ABSENT:

\_\_\_\_\_

RECORDED in the County Records on August 12, 2008.

ATTEST:

\_\_\_\_\_  
County Clerk

[SEAL]

**EXHIBIT A**

**CONTINUING DISCLOSURE UNDERTAKING**



EXTRACT OF MINUTES of a regular public meeting of the County Board of The County of Lake, Illinois, held at the County Board Meeting Room in the County Building, located at 18 North County Street, Waukegan, Illinois, at 9:00 a.m., on the 12th day of August 2008.

The Chair called the meeting to order and directed the County Clerk to call the roll.

Upon roll call, the following answered present: \_\_\_\_\_, Chair, and  
Members \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

The following Members were absent: \_\_\_\_\_

\_\_\_\_\_

The County Board has no rule permitting attendance at meetings other than by physical presence.

Member \_\_\_\_\_ presented and the County Clerk read into the record of proceedings in full the following ordinance:

**AUGUST 12, 2008**

**AGENDA ITEM \_\_\_\_\_**

**ORDINANCE NUMBER \_\_\_\_\_**

AN ORDINANCE authorizing and providing for the issuance of \$35,360,000 General Obligation Bonds (Sales Tax Alternate Revenue Source), Series 2008A, of The County of Lake, Illinois, for the purpose of providing new County buildings, prescribing all the details of said bonds and providing for the imposition of taxes to pay the same, and for the collection, segregation and distribution of certain sales taxes received by the County.

Member \_\_\_\_\_ moved and Member \_\_\_\_\_ seconded the motion that  
said ordinance as presented and read by the County Clerk be adopted.

After a full and complete discussion thereof, including a public recital of the nature of the  
matter being considered and such other information as would inform the public of the business  
being conducted, the Chair directed that the roll be called for a vote upon the motion to adopt the  
ordinance as read.

Upon the roll being called, the following Members voted

AYE:

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NAY:

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ABSENT:

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Whereupon the Chair declared the motion carried and the ordinance adopted, and  
henceforth did sign the same and did direct the County Clerk to record the same in full in the  
records of the County Board of the County.

Other business not pertinent to the adoption of said ordinance was duly transacted at said  
meeting.

Upon motion duly made and seconded, the meeting was adjourned.

\_\_\_\_\_  
County Clerk

STATE OF ILLINOIS                     )  
  ) SS  
COUNTY OF LAKE                     )

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**CERTIFICATION OF AGENDA, ORDINANCE AND MINUTES**

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I, the undersigned, do hereby certify that I am the duly qualified and acting County Clerk of The County of Lake, Illinois (the "*County*"), and as such officer I am the keeper of the books, records, files, and journal of proceedings of the County and of the County Board (the "*County Board*") thereof.

I do further certify that the foregoing constitutes a full, true and complete transcript of the minutes of the legally convened meeting (the "*Meeting*") of the County Board held on the 12th day of August 2008 insofar as same relates to the adoption of an ordinance numbered \_\_\_\_\_ and entitled:

AN ORDINANCE authorizing and providing for the issuance of \$35,360,000 General Obligation Bonds (Sales Tax Alternate Revenue Source), Series 2008A, of The County of Lake, Illinois, for the purpose of providing new County buildings, prescribing all the details of said bonds and providing for the imposition of taxes to pay the same, and for the collection, segregation and distribution of certain sales taxes received by the County.

(the "*Ordinance*") a true, correct and complete copy of which Ordinance as adopted at the Meeting appears in the foregoing transcript of the minutes of the Meeting.

I do further certify that the deliberations of the County Board on the adoption of the Ordinance were taken openly; that the vote on the adoption of the Ordinance was taken openly; that the Meeting was held at a specified time and place convenient to the public; that notice of the Meeting was duly given to all of the news media requesting notice of the Meeting; that an agenda (the "*Agenda*") for the Meeting was posted at the location where the Meeting was held and at the principal office of the County Board at least 48 hours in advance of the holding of the Meeting and, also, on or before 5:00 p.m. on the Thursday preceding the Meeting, and remained

continuously posted until after the adjournment of the Meeting; that the Agenda contained a separate specific item concerning the proposed adoption of the Ordinance; that a true, correct and complete copy of the Agenda is attached hereto; that the Meeting was called and held in strict accordance with the provisions of the Counties Code of the State of Illinois, as amended, and the Open Meetings Act of the State of Illinois, as amended; and that the County Board has complied with all of the applicable provisions of said Code and Act and its own procedural rules in the adoption of the Ordinance.

IN WITNESS WHEREOF, I have hereunto affixed my official signature and the seal of the County this \_\_\_\_ day of \_\_\_\_\_ 2008.

---

County Clerk  
The County of Lake, Illinois

[SEAL]

STATE OF ILLINOIS

)

) SS

COUNTY OF LAKE

)

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**FILING CERTIFICATE**

I, the undersigned, do hereby certify that I am the duly qualified and acting County Clerk of The County of Lake, Illinois (the "*County*"), and as such officer I do hereby certify that on the \_\_\_\_ day of \_\_\_\_\_ 2008 there was filed in my office a duly certified copy of an ordinance, referred to as August 12, 2008, Agenda Item \_\_, and entitled:

**ORDINANCE NUMBER \_\_\_\_\_**

AN ORDINANCE authorizing and providing for the issuance of \$35,360,000 General Obligation Bonds (Sales Tax Alternate Revenue Source), Series 2008A, of The County of Lake, Illinois, for the purpose of providing new County buildings, prescribing all the details of said bonds and providing for the imposition of taxes to pay the same, and for the collection, segregation and distribution of certain sales taxes received by the County.

passed by the County Board of The County of Lake, Illinois, on the 12th day of August 2008, and signed by the Chair of said County Board, and that the same has been deposited in the official files and records of my office.

IN WITNESS WHEREOF I have hereunto affixed my official signature and the seal of the County this \_\_\_\_ day of \_\_\_\_\_ 2008.

\_\_\_\_\_  
County Clerk of  
The County of Lake, Illinois

[SEAL]